

**LOCAL FINANCE NOTICE****Registered Municipal Accountant Update for 2002 Budget Season**

This Local Finance Notice updates Registered Municipal Accountants on a number of issues. Several of them relate to preparing the CY 2002 budget, CY 2001 Annual Financial Statements and Annual Debt Statements.

**Budget Calendar**

Whenever a new Governor takes office, the State Legislature acts to permit the new Governor to delay submission of the State's budget from its usual January presentation. For CY 2002, this is particularly important in light of the State's current budget condition. The Legislature is expected to act to delay the budget submission until March 26. Given this situation, while compliance with the statutory calendar is encouraged, the Division appreciates the fact that many budgets will be delayed until the budget and attendant State Aid amounts are made available. For those budgets being introduced, it is highly recommended that formula aid be budgeted at CY 2001 levels and that Extraordinary Aid anticipation be carefully considered, given the State's fiscal condition. Extraordinary Aid applications will be distributed shortly.

**Use of Computer Generated Forms**

Though the Division accepts computer-generated forms, a lack of consistency to Division printed forms creates a wide variety of difficulties for the Division. When working with locally produced forms, please abide by the following elements:

- Documents must match Division forms as to size, pagination and content.
- When entering dollar amounts, the cents must be included, even if it is zero.
- Computer generated forms should not delete any columns and the print must be large enough for the user to read.
- Pre-printed codes should not be deleted.
- Sheet 38 – Appendix to Budget Document must be completed and enclosed.

Where these guides are not followed, the Division reserves the right to reject forms that significantly differ from the official forms. All the budget forms, Annual Financial Statement and Annual Debt Statement are available on our website.

New Annual Financial Statement sheets are included for presenting the schedule for various types of loans issued and outstanding. Please add additional sheets, if necessary, for each type of loan. The new sheets are 31a, 49a and 63 a. Also, sheet 24 of the Annual Financial Statement, the Schedule of Reserve for Tax Appeals Pending – N.J. Division of Taxation Appeals (N.J.S.A. 54:3-27), changing the certifying signature from the Tax Assessor to the Tax Collector as it existed previously.

### **Budget Cap Calculation**

The Budget Cap index rate calculation for 2002 provides for a 2.5% increase. The municipality may increase the CAP base an additional 2.5% by utilizing the index rate ordinance. Pursuant to N.J.S.A. 40A:4-45.15a and 15b, the CAP bank calculations were calculated reporting unused 2000 CAP Bank amounts and the balance of allowable operating appropriations calculated at 5% for 2001. This amount may be used to increase the 2002 allowable operating appropriations. As in the past, upon written request (include a list), the Division will send auditors the Cap calculations of their clients.

At the end of the last legislative session, a cap exception was included in new Mandate Relief Bill (P.L. 2001, c. 342). This enables municipalities to appropriate the full salaries of police officers hired under the federal “Community Oriented Policing Services” (COPS) program, to remain a CAP exception once the program is complete. The appropriation would appear on sheet 20 of the budget under “Other Operations Excluded from CAP”.

### **Accumulated Absence Rules**

The Local Finance Board recently adopted new rules that govern how local government units manage and finance compensation for accumulated absence time for employees. The rules are codified as N.J.A.C. 5:30-15. Local Finance Notice, CFO 2002-1 was recently issued with detailed information on the subject. Counties and municipalities are now permitted to accumulate a reserve to help fund this obligation. The governing body must pass a Dedication by Rider resolution pursuant to N.J.S.A. 40A: 4-39 and submit it to the Division for approval. A sample resolution is included with the Local Finance Notice. A new budget sheet outlining the balance of days and the value of the local unit’s accumulated absences liability sheet is required as part of the budget message. A sample of the new budget sheet is included with this notice.

### **Snow Removal Reserve**

P.L. 2001,c. 138 (N.J.S.A. 40A:4.62.1) was recently enacted to permit local units to establish a Snow Removal Reserve by Dedication by Rider resolution (N.J.S.A. 40A:4-39). A Local Finance Notice was recently issued outlining the details, which included a sample resolution.

### **Municipal Court Audit Report**

For many years the Division has mailed a copy of the Audit report of the Municipal Court submitted to the Division to the Municipal Court Administrator’s in the associated court vicinage. The Administrative Office of the Courts has asked that, in an effort to improve the timeliness of the receipt of the report by the vicinage, that each auditor submit the report directly to the Vicinage Municipal Division Manager. **To assist the Court, we are asking that auditors make the extra copy and provide it to each vicinage at the time the report is submitted to the Division.** A list of the names and addresses of each Vicinage Municipal Division Manager is attached. We anticipate that you will be able to meet this request. However, if you are unable to do so, please let us know.

**Miscellaneous (but important) Items**

All local units should have received their bill for the 2002 Police and Firemen's Retirement System. The obligation for 2002 is zero unless the local unit has an early retirement payment, which must be budgeted. Each municipality must budget the stated amount of the bill. If the local unit's adopted budget was adjusted last year for the Police and Firemen's Retirement System reduction on the municipal levy certification to the County Board of Taxation, be sure to adjust the 2001 budget history in the 2002 budget accordingly. Those municipalities that were adjusted should have received a copy of their municipal certification last year showing the adjusted amount.

Local examination of budgets will continue for 2002. The Division will examine Group 1, and Groups 2 and 3 are eligible for local examination. As in the past, the group number is reported on the municipal information sheet. The group number does not change from year-to-year. The group number and eligibility status of all municipalities is available on our website. If a municipality wishes the Division to examine the budget even though they qualify for local examination, the municipality must pass a resolution prior to the introduction of the budget.

As instituted in 2001, the Solid Waste Collection District Budget is now part of the municipal budget approval process. For 2002 as part of the approval process, Annual Financial Statement sheets will be included with the budget document as supporting documentation. Copies will be mailed to the applicable municipalities. Copies are available to auditors upon request. The new sheets may also be downloaded from our website.

All summary reports that the Division generates (i.e., Chapter 159, Emergency, Dedication by Rider) and the Cap Calculations are available upon request. State Aid Information is not available at this time. Municipal Information sheets will be available by the end of January. The Equalized Valuation for three years and the average and the Regional School Debt Computation are on our website to assist you in the preparation of the Annual Debt Statement. We will keep you advised as more information becomes available.

Thank you for your attention to these issues.

Enclosures

Distribution: Registered Municipal Accountants

## Vicinage Municipal Court Division Managers

### **Atlantic & Cape May Counties**

Howard H. Berchtold  
Atlantic County Civil Court House  
1201 Bacharach Boulevard  
Atlantic City, NJ 08401

### **Essex County**

Sonya Noyes  
Essex County Courts Building  
50 West Market Street  
Room 514  
Newark, NJ 07102

### **Ocean County**

Eric Muniz  
Ocean County Justice Complex  
120 Hooper Avenue  
Room #240  
Toms River, NJ 08754-2191

### **Bergen County**

Belle Seitel Weisz  
Bergen County Justice Center  
10 Main Street  
Room #425  
Hackensack, NJ 07601

### **Hudson County**

Pamela Douglas  
Hudson County Administration Bldg  
595 Newark Avenue  
Room #403  
Jersey City, NJ 07306

### **Passaic County**

Marie Faber  
Passaic County Court House  
77 Hamilton Street  
Paterson, NJ 07505

### **Burlington County**

Steven A. Traub  
Burlington County Courts Facility  
49 Rancocas Road  
Mount Holly, NJ 08060-6555

### **Mercer County**

Sandra L. Terry  
Mercer County Court House  
209 So. Broad & Market Streets  
Room #402  
Trenton, NJ 08650-0068

### **Union County**

C. Wyllys Cass  
Union County Court House  
2 Broad Street  
Elizabeth, NJ 07201

### **Camden County**

Deborah Robertson  
Camden County Hall of Justice  
101 South 5<sup>th</sup> Street  
Suite 680A  
Camden, NJ 08103

### **Middlesex County**

Arthur G. Mattei  
Middlesex County Court House  
1 John F. Kennedy Square  
2<sup>nd</sup> Floor, East Wing  
New Brunswick, NJ 08903-0964

### **Cumberland/Gloucester/Salem Counties**

Carole Cummings  
Gloucester County Court House Annex  
I/C/O The Mail Room  
24 Hunter Street  
Woodbury, NJ 08096

### **Monmouth County**

William Lynch  
Monmouth County Court House  
Monument & Court Streets  
Freehold, NJ 07728-1266

### **Morris & Sussex Counties**

Irene Turner  
Morris County Court House  
Washington Street  
Morristown, NJ 07963-0910

### **Somerset/Hunterdon/Warren Counties**

Patricia Sheeto  
Somerset County Court House  
20 North Bridge Street  
3<sup>rd</sup> Floor  
Somerville, NJ 08876-1262